

1 of American entrepreneurism is not stifled by
2 corporate consolidation.

3 I hope you will join me and my
4 colleagues in working to protect our free market,
5 and to prevent it from being hijacked by just a few
6 actors. I hope you will join me in building a
7 system that favors innovative entrepreneurs over
8 stuffy and stagnate corporate boards. I hope you
9 will join me in favoring local reporting, local
10 programming and local news in our media, along with
11 the national and international events. For in a
12 growing global marketplace, our public airwaves
13 reflect us publicly.

14 I am so pleased to know that you, as
15 Commissioners, understand who owns our airwaves; the
16 people do. I am glad that all of these people
17 sitting behind us will have an opportunity to share
18 with you their feelings about consolidation. And I
19 am so pleased that our fellow Angelinos are here
20 today, they will be sharing their views, and I know
21 you will listen carefully. I know you will take
22 their thoughts and concern into consideration.

23 As people with the utmost integrity, you
24 wouldn't be sitting on this Board if you didn't have
25 it. I want you to listen closely, because you have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 to review the rules that were made in 2003 and as a
2 result of that meeting. The Reverend Jesse Jackson
3 was there, and can witness that over three million
4 contacts were made to the FCC. So listen well, my
5 friends, and hear from the people, the American
6 people. Thank you so very much.

7 CHAIRMAN MARTIN: Thank you,
8 Congresswoman Watson.

9 Reverend Jackson.

10 REVEREND JACKSON: Thank you, Chairman
11 Martin. Today, I hope that we will sincerely be
12 heard and not tolerated. At the heart of my
13 remarks, there's a gap between those who own the
14 airwaves, the people, the public, and those who
15 control the airwaves, those whose presumptions have
16 bought and sold them against the public interest.
17 There is in urban America today, a protracted
18 process, a kind of genocide. You cut Section Eight
19 Housing, cut the school budget, cut the content of
20 art and music in schools, cut the jobs, give the
21 telephone numbers to the government upon request, to
22 lie and spy about a war, cut hospitals, then cut
23 media access. That is protracted genocide.

24 The issue of media ownership can be
25 considered a three-legged stool, and prior to the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 Federal Communications Commission, Congress and the
2 public with each leg providing critical support.
3 The FCC sets the rules with comment from the public,
4 and Congress enforces the rules. Has the FCC
5 considered sweeping changes to the nation's and
6 media ownership rules? A recent report released by
7 Free Press analyzes female and minority ownership of
8 Full Power, a commercial broadcast television
9 station.

10 Key findings are minorities make up 33
11 percent of the U.S. population, and 3 percent of the
12 TV station owners. Women comprise 51 percent of the
13 U.S. population, 5 percent of TV station owners.
14 Hispanic or Latinos comprise 14 percent of the U.S.
15 population, but 1 percent of TV station owners.
16 Hispanic owned TV stations reached 21 percent of the
17 Hispanic households. Black or African-Americans
18 comprise 33 percent (sic) of the U.S. population, 1
19 percent of TV station owners. Only 8 percent of the
20 African-American households are reached by black
21 owned stations. Asians comprise 4 percent of the
22 U.S. population, but only 0.44 percent of the TV
23 station owners. Non-Hispanic white owners control
24 1,033 stations, or 76 percent of all the stations.
25 While people of color and women ownership have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 increased in other industries, the percentage in the
2 broadcast industry has worsened.

3 In short, too few people own too much
4 media at the expense of too many people. The issue
5 gets worse by poor public policy decisions, when
6 instead of encouraging inclusion of women and people
7 of color, actually have locked -- moved the rainbow
8 out of opportunities. Thus, there's been no
9 improvement in the level of minority at broadcast
10 ownership since 1998, even as a total number of
11 stations have increased. There's been a marked
12 decrease of African-American-owned stations,
13 dropping nearly 30 percent since 1998. The majority
14 of people of color who own stations say after 1998
15 neither have been permitted on the pre-1996
16 Nationwide Ownership Rules, which prevented the few
17 from owning many stations. The FCC policy of the
18 past 10 years has resulted in 40 percent loss of
19 people of color owned stations. Media ownership
20 should look like America. There should be more
21 local media ownership and content and more multi-
22 cultural as a matter of national policy.

23 The right to vote is nullified if we do
24 not have the right to see and hear information on a
25 time-sensitive basis. Democracy only works if you

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 have democratic access capital and media and health
2 care and education. Without that, freedom is an
3 illusion. The nation and the world is diverse. To
4 sell it or limit access to it is un-American and
5 ungodly. Thus, what's left, our democracy becomes
6 the hole of the media donut. We're in the hole, and
7 it's sinking every day. As the noose of ownership
8 tightens, we see each other through and the world
9 through a keyhole with a lock to a door.

10 We ask you today to open the windows of
11 content and local ownership and shared ownership.
12 Open those doors wide and let the sun shine in. The
13 Tribune Company, which owns the L.A. Times and these
14 other stations, operates out of Chicago, not L.A.
15 There's something about that that's inherently
16 undemocratic, driven by greed and not by need.

17 And so, since that consolidation is now
18 up on a challenge, the Tribune Company owner of the
19 L.A. Times and KTLA and WGN and the Chicago Cubs,
20 they could do a much better job of managing that
21 part of their business -- our next challenge -- say
22 amen, somebody. Yeah. I would urge us, in light of
23 the specifics of the Tribune's consolidation
24 challenge laid out by Congresswoman Waters today,
25 that you consider having the next meeting in Chicago

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 where the head of that entity exists, and so as it
2 goes to reorganization and as it goes to
3 reconfiguration, let the new Tribune deal become the
4 new model for American shared ownership. Thank you.

5 CHAIRMAN MARTIN: Thank you. Thank you,
6 Reverend Jackson, and thank you all for being here
7 and participating.

8 Let me introduce Henry Rivera, who is a
9 former Commissioner, who's going to be helping us
10 moderate and try to keep on schedule today. And if
11 I can ask the other people on the first panel to
12 come on up and, Henry, maybe you can introduce them.

13 MODERATOR RIVERA: Yes, I will. Thank
14 you Mr. Chairman. I wanted to mention a couple of
15 housekeeping things. We do have a translation
16 service in Spanish. There are some handsets out in
17 the lobby if you need them. So, I wanted to let our
18 speakers know that there is translation going on, so
19 if they could speak that way, with that in mind, it
20 would be very helpful.

21 CHAIRMAN MARTIN: If the panels could
22 come on up and take --

23 MODERATOR RIVERA: Would you please move
24 up to the tables. Your names are there.

25 Panelists, could I have your attention,

1 please. Thank you very much. Thank you for all for
2 *being here. We appreciate it very much. You each*
3 have five minutes to make your points. It's my job
4 to enforce that five minutes, and the Chairman is
5 going to be very angry with me if I don't. So, I'm
6 really going to have to hold you to the five
7 minutes. We have a lot of folks, as you can see
8 here, who also want to speak. The Commissioners
9 have to leave promptly at 4:30 to go to El Segundo
10 for the second part of this hearing, so we have to
11 move along, and I would really appreciate your
12 watching that five minutes.

13 So, participating in this panel we will
14 begin with Stephen Cannell. He's a member of the
15 Caucus of Television Producers, Writers and
16 Directors. Taylor Hackford will follow. He's the
17 Third Vice President, Directors Guild of American;
18 Ann Marie Johnson is National First Vice President,
19 Screen Actors Guild. I got you guys switched. All
20 right, no problem. Patrick Verrone, President,
21 Writers Guild of America; Mona Mangan, Executive
22 Director, Writers Guild of America East; Marshall
23 Herskovitz, President, Producers Guild of America;
24 Mike Mills, Bassist for REM, and he is a member of
25 the Recording Artists' Coalition; John Connolly,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 President of the American Federation of Television
2 and Radio Artists; Brandon Burgess, CEO, Ion Media
3 Networks; Tim Winter, President-Elect, Parents'
4 Television Council. And those are our panelists.
5 Did I miss anyone there? I think I got you all.
6 Mr. Cannell, would you please start us off.

7 MR. CANNELL: Thank you very much,
8 Commissioner Martin and Commissioners, for hearing
9 us today. I want to start my story and tell you
10 about a kid who was 30 years old at Universal
11 Television who came up with a wild idea for a
12 television show called "The Rockford Files." And it
13 was about a guy who was sort of an iconoclastic
14 character. He was very different from any private
15 eye that was on television at the time. The
16 character that quit every time he was threatened, if
17 you pulled a gun on him he'd give you the keys to
18 his car. And it was a very different and unique
19 idea. And I had a mentor at Universal, Roy Huggins,
20 and we sold this to ABC, and I wrote the script.
21 And when I turned it in, it was abject hatred. They
22 read the script, they hated everything about it.
23 They said, well, you can't have a hero who's
24 quitting every time he's threatened or runs credit
25 checks on the beautiful client, you know, the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 audience will hate this guy. And they refused to
2 make it.

3 But Universal was my partner in this
4 project. They didn't own a network. They had
5 similar interests to my own. So they said, you know
6 what? Let's see if we can set this up somewhere
7 else. So we got Jim Garner in the project, took it
8 to NBC, and the rest is history. It was a five year
9 Emmy-winning hit, which I've recently read was -- TV
10 Guide picked as the best detective show ever on
11 television. It never would have been made had I
12 tried to sell it to ABC, because they would have
13 literally forced me to change the content that made
14 it special.

15 After the "Rockford Files," I created
16 other shows at Universal Television where I was
17 under contract, "Baretta," "Ba Ba Black Sheep." But
18 after five years there, I was starting to get a
19 little bit -- I felt that I was constrained by the
20 studio environment, and I wanted to live an American
21 dream. I wanted to go out and form my own studio,
22 which was a pretty cocky idea. But I thought, you
23 know what? I can do this, my father was an
24 entrepreneur. It was something I desperately felt.
25 I went out and I formed the Cannell Studios.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 At the very beginning, it was a
2 struggle. We didn't kind of know what we were
3 doing, but we -- as we struggled along, we finally
4 became, in a matter of about four or five years, the
5 third largest supplier of television in Hollywood.
6 I had 2,000 employees there. We had \$15 million a
7 year in overhead. We were doing about \$150 million
8 in volume -- gross volume. It was a big business.
9 And I couldn't believe that I had been able to
10 accomplish this.

11 And along the way, I had another
12 demonstration of this situation of trying to get a
13 network to make a program that they didn't quite
14 understand. What happened was that I was doing a
15 show called "The Commish" for CBS, it was about a
16 friend of mine who was a commissioner of a police
17 department in Rye, New York -- a kind of a cherubic,
18 overweight guy with a pixy attitude. Steve Kronish
19 and I wrote this pilot. CBS loved the pilot. We
20 started to cast it, and here's where the problem
21 came in. They had a completely different concept
22 about who The Commish should be. They wanted a
23 handsome Italian leading man, maybe 20 years younger
24 than Steve Kronish and I had conceived him, and it
25 became a huge argument, such a big argument, in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 fact, that we missed the development season and did
2 not get the pilot cast.

3 We argued about it well into the second
4 season, and finally, in order to preserve my
5 relationship with CBS, I suggested that we not make
6 the show. Since I owned the copyright on this
7 script, I was able to move The Commish to ABC and I
8 put Michael Chickliss (ph) in it, who was my initial
9 choice that CBS had turned down, and we had another
10 five-year hit. Again, the ability to move the
11 program was what protected its content.

12 I went on during the period of time that
13 I was producing shows -- I saw this Fin Sin thing
14 happening. I went to Washington in 1990 and I
15 testified before the FCC. And during my testimony
16 there, I was quite concerned because I was facing
17 network presidents who really had my fate in their
18 hands. But I knew that if I didn't speak up, that
19 the chances of my studio surviving were slim. I was
20 assured by all the presidents of the networks that
21 there was no way that independent producers would be
22 shut out of this process, that in fact, they wanted
23 producers to flourish, they wanted more independent
24 producers. I was told not to worry; have no fear.

25 I went back to Hollywood in 1993. I

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 believed the rules were abrogated, and I did a pilot
2 for CBS in 1994. It was called "Traps." It starred
3 George C. Scott. I wrote and produced this through
4 my own company. It was a two-hour pilot. I picked
5 up about \$200,000 or \$300,000 in deficit to produce
6 what I felt was a very lush looking pilot. I
7 screened it for CBS. They loved it in New York.
8 They loved it in L.A. It tested very high with the
9 ASI audiences, and I've been doing this since 1968.
10 I knew this show was on the air.

11 What happened? The schedule starts to
12 come out, and the trade papers, as they do, were
13 trying to figure out what the new schedule is going
14 be, and we weren't on the first rumor schedule.
15 While I've had that happen before, we weren't on the
16 second rumor schedule. I finally asked CBS what was
17 going to happen. They told me that if I would
18 transfer the ownership to CBS, they would program
19 the show -- that was my protection.

20 So anyway, I thank you gentlemen for
21 being here. I hope that you will preserve this so
22 that other young dreamers, such as myself, could
23 have companies and survive.

24 MODERATOR RIVERA: Mr. Taylor Hackford.

25 MR. HACKFORD: Thank you, Chairman

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Martin and members of the commission. I'm a working
2 director and producer of both feature films and
3 television, and I'm here today as the Third Vice
4 President of the Directors Guild. The DGA
5 represents over 13,400 directors and members of the
6 directorial team. We work on feature films,
7 commercials, documentaries, and news, but by far,
8 the majority of our members work in television. The
9 DGA's mission is to protect the economic and
10 creative interests of directors and their team, and
11 the consolidation of media and entertainment
12 programming in fewer and fewer hands imperils both.
13 That there has been a proliferation of media outlets
14 today available to the consumer for the distribution
15 of programming, that -- we should call it a
16 diversity of outlets -- is irrefutable.

17 Our concern is with an equally
18 irrefutable fact, the lack of diversity of source,
19 i.e., the pool of entities producing TV content
20 today is almost nonexistent. What is this diversity
21 of source that we are talking about? Well, the kind
22 of entertainment programming that has always been
23 the paradigm in our industry is high quality
24 television programs, scripted comedies and dramas
25 that are expensive to make, but generate huge

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 profits after they mature -- after five years, let's
2 say. Investors have been historically willing to
3 deficit finance independent producers in the hope
4 that they'll create great original ideas that will
5 last for a generation. These are the shows that we
6 talk about not just when they're on the air, but
7 long after they have left our living rooms.

8 The DGA's position on this issue has not
9 changed over the past decade. We predicted back in
10 the early 1990s that the elimination of Fin Sin
11 would enable the networks, once they were free to
12 produce and own the programming, to swallow up and
13 drive out of business smaller independent producers,
14 i.e., what Mr. Cannell just said. We wish that we
15 had been wrong. Unfortunately, we were right.

16 The robust independent production
17 community that existed a decade ago has been
18 destroyed. Today, each major network is a sister
19 company to a producer or a studio that was formerly
20 an independent supplier of programming. And please
21 let's not let the media buzz about the exploding
22 importance of the internet divert our attention away
23 from the how this important issue still is -- prime
24 time network television. Prime time network
25 television is still the most watched television in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 this country. It is still the primary revenue
2 source from advertisers, and it will remain so in
3 the foreseeable future. So I'd like to use my
4 testimony for some cold, hard facts.

5 Back in 1992-93, that season, 66 percent
6 of network television came and was created from
7 independent producers, with the networks accounting
8 for the remaining 34 percent. Roles reversed by
9 1998-99, that season, when networks and their
10 affiliate producers were now responsible for 62
11 percent of what the public saw, and the independent
12 producers fell to 33 percent.

13 Today, the 2006-07 season, independents'
14 share has fallen to 24 percent, while the networks
15 and their affiliates own and control 76 percent of
16 prime time television aired each week on the four
17 networks. However, the 24 percent independent
18 figure is misleading because it includes reality and
19 game shows. The number of independent suppliers of
20 scripted programming, the most important measure of
21 source and program diversity, has decreased from 23
22 producers in the 1990s to two today, and those two,
23 Warner Brothers and Sony, are part of media
24 conglomerates. They do not resemble the strong
25 independent that once existed such as Carcy Warner,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 MTM Enterprises, Steven Bochco Productions, Wood
2 Thomas Aris and, of course, Steven Cannell
3 Productions.

4 But I'm not here simply to lament the
5 situation in which this community finds itself. We
6 do, in fact, have a proposal, and it's the same
7 proposal that we and a number of others submitted to
8 the Commission in our 2003 filing.

9 The rule we are proposing would require
10 each of the four networks to use programming from
11 fully independent sources on 25 percent of their
12 prime time schedule. The networks would still be
13 entitled to keep 100 percent of the advertising
14 revenue and have a minority piece of the profits and
15 the programming. But we believe this is enough
16 incentive to encourage those who want to invest
17 independent capital in TV programming to get back
18 into the game. And this is crucial to the both of
19 us who are sitting here on this -- in this table,
20 who create programming for billions of people who
21 watch TV around the world every day.

22 When the independents flourished, a
23 director could walk hand in hand with an independent
24 producer and create a concept, sell that concept,
25 and often, fighting against all odds, make that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 concept a success. Today, none of those independent
2 producers that I mentioned earlier are around to
3 join in the fight for a totally unique idea or a
4 controversial program. The power of argument and
5 our rewards of success are all on one side at this
6 moment, on the networks, and we think this is a
7 tragedy, because independently produced TV shows
8 have always been the pace-setters. Shows like
9 "Little House on the Prairie," "The Walton's," "Hill
10 Street Blues," "The Rockford Files," for instance,
11 and dramas, "Cosby" and "Roseanne," "Newhart" and
12 "Barney Miller," "Three's Company" and "Seinfeld,"
13 shows produced outside the networks, presenting a
14 strong viewpoint of American life, past and
15 present --

16 MODERATOR RIVERA: You have to wind up
17 now.

18 MR. HACKFORD: Shows that define our
19 future. Thank you very much.

20 MODERATOR RIVERA: Would you introduce
21 yourself, please.

22 ALAN ROSENBERG: I'm not Anne Marie
23 Johnson.

24 MODERATOR RIVERA: No, you're not.

25 ALAN ROSENBERG: I'm Alan Rosenberg.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 Good afternoon, and thank you, Chairman Martin and
2 Commissioners, for holding this important discussion
3 today here in the heart of the entertainment
4 community. My name is Alan Rosenberg, and I am the
5 President of the Screen Actors Guild. I represent
6 120,000 actors, and we are proud to be affiliated
7 with the AFL/CIO. It is with great pride that I
8 introduce the woman who will be speaking on behalf
9 of the Guild today. She is the person, in my
10 estimation, who is most responsible for us being in
11 the best shape we've been in several decades. She's
12 an accomplished actor and union leader, Screen
13 Actors Guild National First Vice President, Ms. Anne
14 Marie Johnson.

15 MS. JOHNSON: We have a traveling act,
16 and he is my political better half. Thank you,
17 President Rosenberg, Mr. Chairman, Commissioners.
18 I'm honored to be here today. Though I've been in
19 many movies and worked on stage, I am a television
20 actor. I've been blessed with several television
21 series over the years, and I've watched the changes
22 in television landscape carefully and cautiously.
23 As actors, we were lucky if we were hired by one of
24 television's most acclaimed independent producers.

25 However, the days of independent

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 producers taking his or her creative vision on a
2 series or movie of the week to completion is a thing
3 of the past. The casting decisions are now made by
4 the networks, and not just for the marquee stars.
5 Big media companies now cast almost every actor,
6 because they can. Norman Lear fought to have
7 Carroll O'Connor play his vision of Archie Bunker,
8 Stephen Cannell knew that James Garner had to be Jim
9 Rockford, and Marcy Carcy knew that Bill Cosby's
10 character on The Cosby Show had to be a doctor.

11 I'll let you get that phone call.

12 Until they fell in love with the
13 Huxtable Family, many Americans never knew or never
14 saw an African-American man as a doctor. When the
15 show was originally pitched to ABC, the network
16 executives wanted the Bill Cosby character to be a
17 Vegas entertainer rather than a doctor. When Marcy
18 Carcy refused to make this creative concession, she
19 was forced to take the show to NBC, and the rest is
20 history.

21 This is a golden example of what can
22 happen when there is true diversity viewpoints in
23 the production of prime time network television
24 programming. Ask whether American viewers would
25 have ever seen an African-American doctor on prime

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 time television if it had not been for the
2 perseverance of this independent producer. And this
3 is why a requirement -- a requirement -- for
4 independent voices in production is critical to the
5 Commission's long-standing goal of ensuring
6 viewpoint diversity in America.

7 American viewers embraced those and
8 dozens of other cutting edge provocative characters
9 in the 70s and the 80s. These shows were widely
10 successful and became a part of the American popular
11 culture. Some amazing producers, writers, directors
12 and actors broke the mold and made worldwide viewers
13 think about social issues in ways that they've never
14 thought of before.

15 There are certainly some excellent shows
16 on the air today. I for one celebrate the
17 resurgence of ensemble casts in today's hit shows.
18 It's great news for the Screen Actors Guild when
19 they can get jobs instead of reality show
20 contestants. But doesn't the public deserve the
21 pre-1992 level of creative independent sources of
22 programming?

23 Since the repeal of the FCC financial
24 interests in syndication rules, the networks have
25 engaged in unprecedented vertical integration with

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 movie studios and production companies. Due to this
2 vertical integration, independent producers who
3 traditionally created network programming have
4 essentially been shut out of network prime time
5 equation. Accordingly, we think the FCC, as
6 custodians of public airwaves, should require that
7 25 percent of all prime time network programming
8 hours be provided by true independent producers, not
9 the networks. Producers who are stakeholders and
10 risk-takers should be rewarded when they create
11 visions that result in successful returns.

12 As actors, we find the continued
13 consolidation of media companies has drastically
14 limited our ability to individually bargain our
15 personal services agreements. Every actor has a
16 quote, the amount of money you get for a guest
17 starring role. It's each actor's market value. But
18 there is no such thing as getting your quote
19 anymore. Like the conglomerations they are now, the
20 networks decide what the top of show rates are in a
21 parallel practice. Some networks even -- and I'm a
22 victim of this -- some networks will even tell you
23 they will only pay you 50 percent of the going rate,
24 take it or leave it. This is salary compression,
25 and it cripples the middle class actor's ability to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 make a living.

2 As a union, and a vital part of the
3 American labor movement, we are gravely concerned
4 that the continued consolidation of our employers
5 will result in the exclusion of issues and
6 challenges facing workers. If the Screen Actors
7 Guild is involved in a labor dispute with the
8 networks, for example -- and I certainly hope it
9 doesn't happen, but if it's necessary, it will --
10 whose story will be told over the airwaves? Will
11 the six o'clock news include our perspective, or
12 that of those who have economic stake in seeing us
13 fail?

14 MODERATOR RIVERA: You have to wind up
15 now.

16 MS. JOHNSON: The Screen Actors Guild
17 believes that the public deserves so much more than
18 sanitized programming and news. The American
19 viewing public deserves diversity, a competition and
20 localism in programming. Consequently, we urge you
21 to enact a 25 percent independent production
22 requirement on prime time network broadcast. And
23 I'd also like to let the audience know that the
24 Screen Actors Guild is very proud to have three SAG
25 speakers under the public comment portion of today's

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 meeting: Sumi Haru, our National Chair of the
2 Screen Actors EEOC, Hernand DeBeci, Chair of the
3 National Spanish Task Force, and Gretchen Kerner,
4 National Chair of our Legislative Committee. I'm
5 honored to be here. Thank you.

6 MODERATOR RIVERA: Thank you.

7 Mona? Mona Mangan.

8 MS. MANGAN: Yes. Thank you. My name
9 is Mona Mangan. I'm the Executive Director of the
10 Writers Guild East. The Writers Guild East
11 represents writers in entertainment, screen and
12 television, east of the Mississippi River, as well
13 as news writers who reside east of the Mississippi
14 River.

15 I have been asked today to talk about a
16 slightly different topic, which is the effects of
17 needs for localism, lack of diversity and quality in
18 the news operations of the networks, as well as
19 owned and operated stations and independent
20 affiliates in the United States. For many years,
21 our news writers have been particularly concerned,
22 as have the producers we represent, with issues of
23 management cuts to their news room staffs, and this
24 is pervasive, and its affect on the news is quite
25 substantial. I want to emphasize as we talk about

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

1 this that the things that we are talking about
2 today, the cuts, will be deeply affected by broader
3 ownership rules that permit more mergers and
4 duopolies, and they will exacerbate a situation
5 which already exists, and that is the affect on news
6 of massive cutting and retrenchment.

7 News rooms have long suffered from
8 chronic understaffing. I can give you a few
9 examples of this understaffing. Unfortunately, I
10 can't confine them to Los Angeles; they have to be
11 nationwide. At WABC in New York, 50 percent of the
12 jobs that have opened up in the last five years have
13 not been filled. Additionally, news writers absent
14 for vacations or sick leave are not replaced, which
15 creates a situation of chronic understaffing which
16 has, of course, its affect in the reporting quality
17 and the quality of the news delivered on television
18 itself. Under-resourced newsrooms are negatively
19 impacting the news lineup, that is, the stories that
20 are chosen to be aired.

21 I'll give you one example. Last week,
22 on Wednesday, the 27th of September, the news
23 stories reported the sentencing of Enron's Jeffrey
24 Skilling and the jailing of Tyco's Bernie Embers
25 were bumped at WABC in New York in favor of a story

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

1 reporting on the rock band U-2's book-signing tour.

2 A Harper-Collins publicist had provided ABC with U-
3 2 related materials on which the aired story was
4 based. No publicist existed to provide information
5 on Bernie Embers' and Jeffrey Skilling. The choice
6 made by the news personnel was inevitable because it
7 was a choice based on economics.

8 The use of VNR's, video news releases,
9 provided by corporate sources has decreased, but the
10 use of the VNR's themselves continues. They are now
11 pirated, they are exploited and bastardized.
12 Sections of them are taken and reworked into other
13 stories so that the networks and stations can take
14 advantage of the footage that is provided by these
15 independent corporate sources.

16 We are also seeing at this time across
17 the board commercialization of news broadcasts from
18 the network down to the local level. One form that
19 this commercialization takes is the development of
20 news stories to further plug the networks products.
21 At ABC network radio and its national affiliate News
22 Services, they produced more stories this year about
23 the National Spelling Bee than in any prior year,
24 because this year, not surprisingly, the National
25 Spelling Bee was televised by ABC.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701